

Statement of Pastor Warren L. Henry
Vice-Chairman, Housing Authority of Fulton County
Atlanta, GA

On

H.R. 3755

“The Zero Downpayment Act of 2004”

before the

Subcommittee on Housing and Community Opportunity

Committee on Financial Services

United States House of Representatives

March 24, 2004

Good morning, and thank you Mr. Chairman, and Ranking Member, for holding this hearing and inviting me to speak on behalf of our Housing Authority of Fulton, based in Atlanta, GA, on H.R. 3755, the “Zero Downpayment Act of 2004, introduced by Rep. Patrick Tiberi (R-OH) and Co-sponsored by our esteemed Georgia Congressman David Scott (D-GA).

I feel our Housing Authority is uniquely qualified to speak on this piece of legislation. Our Housing Authority was one of the first Public Housing Authorities in the state of Georgia to utilize the Section 8 Homeownership Voucher Program to give our residents the opportunity to move from dependence to self-sufficiency through homeownership. However, the hurdle of bringing together the downpayment required to access this opportunity has often been challenging.

Fulton County has been at the forefront of trying to find creative ways to address this issue. FHA programs have been used by our Housing Authority residents to gain access to homeownership opportunities. In fact, we believe the FHA programs are one of the best and cost-effective approaches to expanding lending opportunities to low and moderate-income families, first-time homebuyers and minorities. In 2002, more than one-third of the FHA origination loans in recent years were made to minority households compared with just 18 percent of conventional loans. Additionally, more than half of FHA loans approved in 2002 went to households earning less than \$50,000, compared with 27 percent of conventional loans in that same span of time.

H.R. 3755 provisions, which would allow for FHA to approve zero downpayment mortgages for first-time homebuyers, would allow FHA to maximize its fullest potential in accessing historically underserved minority and economically challenged communities. This would be achieved by using this new financing tool to help create and promote sustainable communities. Additionally, the obvious financial and social benefits associated with homeownership are self-evident. Homeowners can build the equity and potential capital liquidity that is the essence of full inclusion within our economic and social system.

Obviously, the acquisition of a home is an important responsibility that must be engaged with reverence and commitment. As such, we believe it is extremely important that anyone seeking to access FHA funding through this initiative should have the opportunity to seek housing counseling where appropriate. Additionally, potential beneficiaries of this program should have the ability to access FHA, HUD or other counseling program services before, during and through the loan approval process.

H.R. 3755 is also important because it allows FHA to operate with the same efficiencies, objectives and resources that will allow it to maximize its fundamental mission – providing housing resources to all Americans. Additionally, programs such as the Zero Downpayment Act of 2004 have the ability to be revenue generating - this is achieved through the eventual federal mortgage insurance premium revenues that will be charged to the homebuyers and/or property owners that go directly to the federal Treasury.

As a member of the faith-based community and as a member of the Housing Authority of Fulton County Board of Commissioners', I know first-hand the transforming impact homeownership can bring to both individuals and communities. Fulton County is blessed to have a number of areas where homeownership opportunities are expanding. However, in order for our County to truly fulfill its promise as indicated in its HUD Comprehensive Planning document, which makes affordable housing the number 2 priority of the County government, we will need to have the tools available to maximize the opportunity to expand housing options and choice for our residents. We believe the provisions contained with H.R. 3755 have the potential to take us a long way in achieving this goal by allowing FHA to broaden its lending powers to more individuals desirous of homeownership.

Consequently, we believe H.R. 3755 is a bill that takes FHA in the right direction. FHA has done a great deal of good work, but its principal mission to expand more homeownership opportunities for all Americans are yet to be fulfilled. We believe the goals and objectives contained in H.R. 3755 is an important step in this process and would like for the committee to give due consideration to this important legislation.

On behalf of the Board of Commissioners of the Housing Authority of Fulton County and its Executive Director, Ms. Bettye A. Davis, thank you for the opportunity to testify today and we look forward to working with you to expand the opportunity for homeownership to as many deserving Americans as possible.

Thank you for this opportunity to speak with you this morning.

